

DMAS Budget Provisions: Introduced Budget

presentation to

**House Appropriations Committee
Subcommittee on Health and Human Resources**

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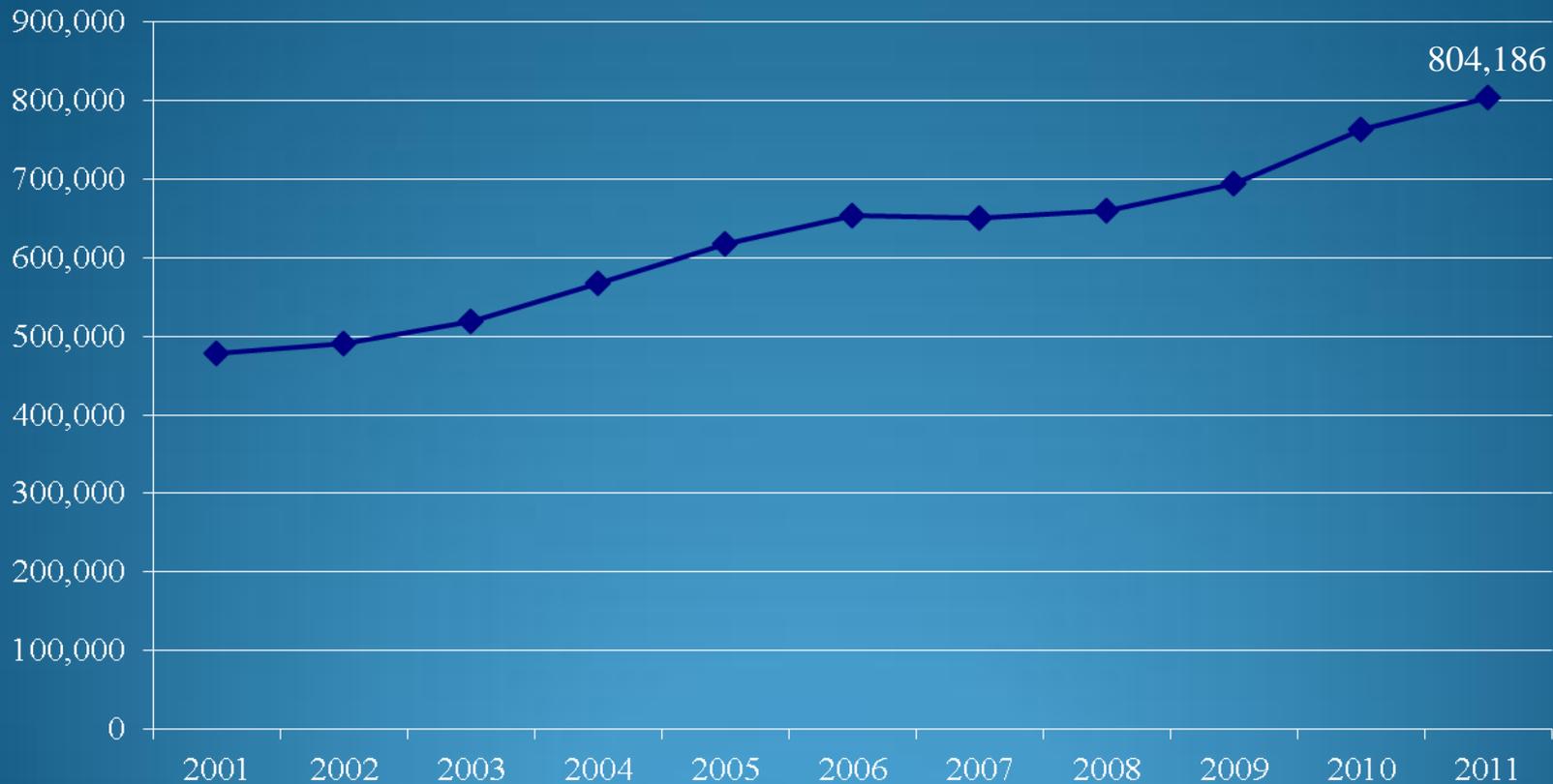


January 23, 2012

Outline

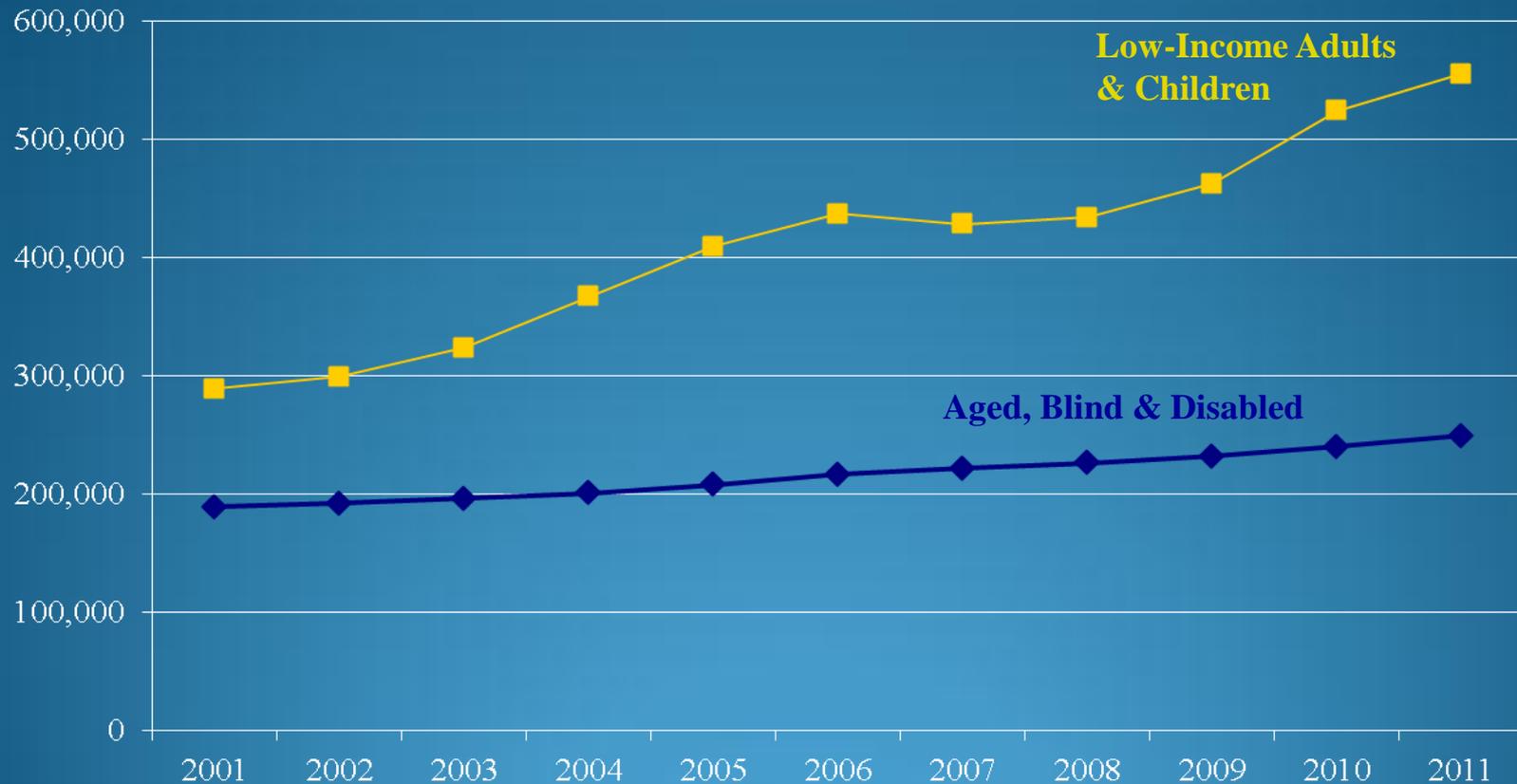
- Medicaid Overview
- Medicaid Forecast FY2012-FY2014
- Introduced Budget Provisions

Medicaid Enrollment Trends: Total Population



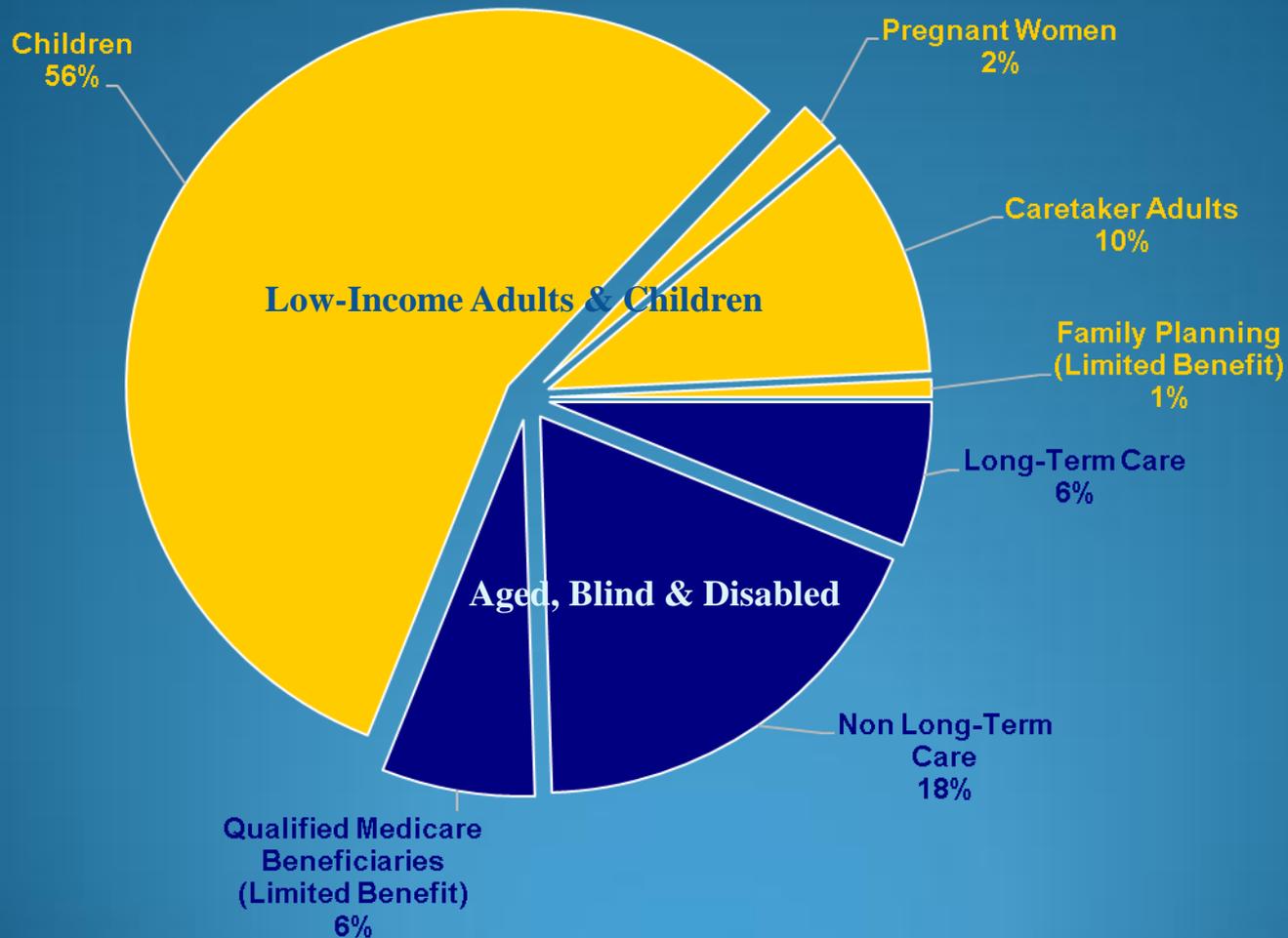
Notes: Average monthly enrollment in the Virginia Medicaid Program, as of the 1st of each month

Medicaid Enrollment Trends: by Category

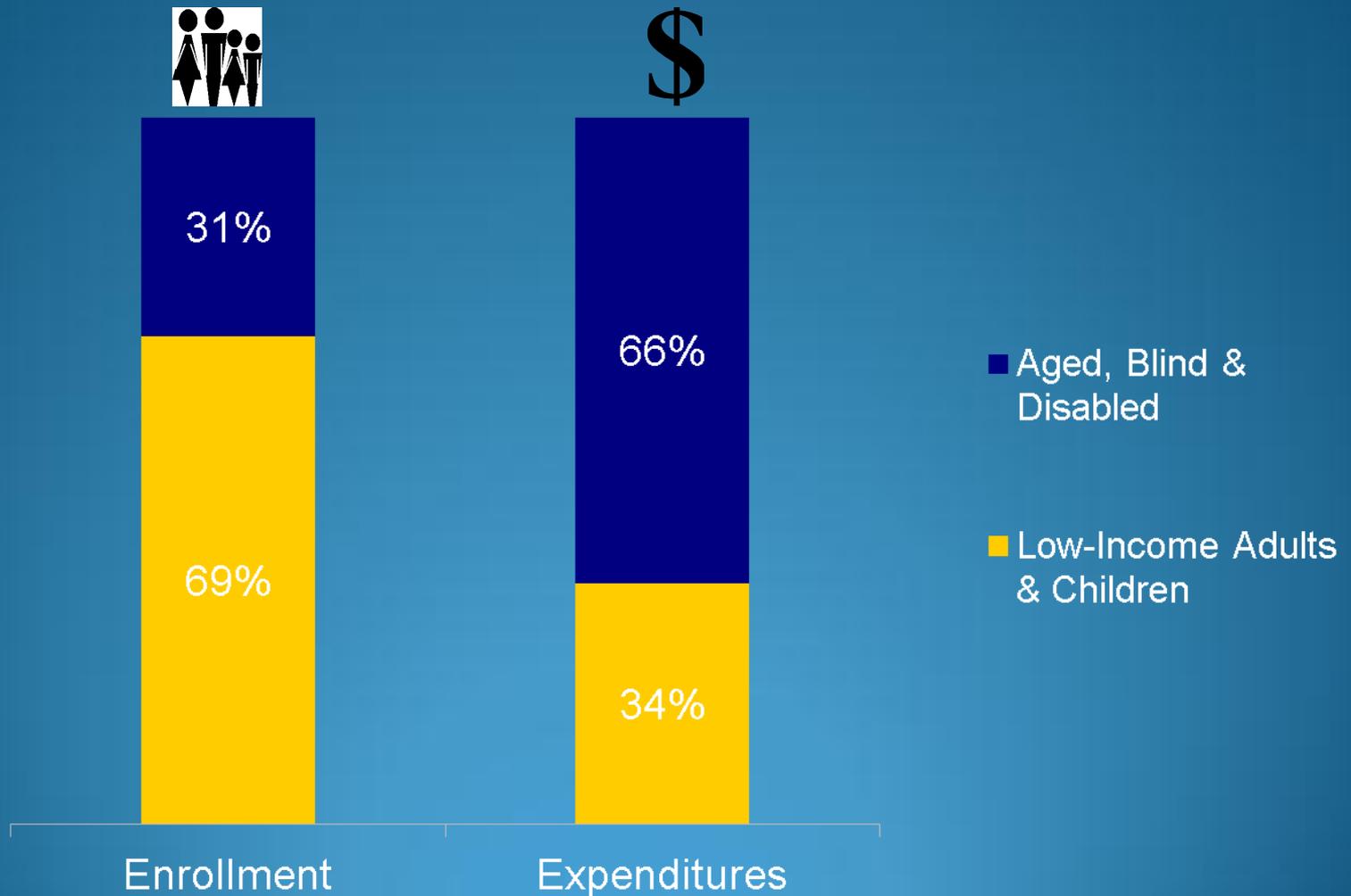


Notes: Average monthly enrollment in the Virginia Medicaid Program, as of the 1st of each month

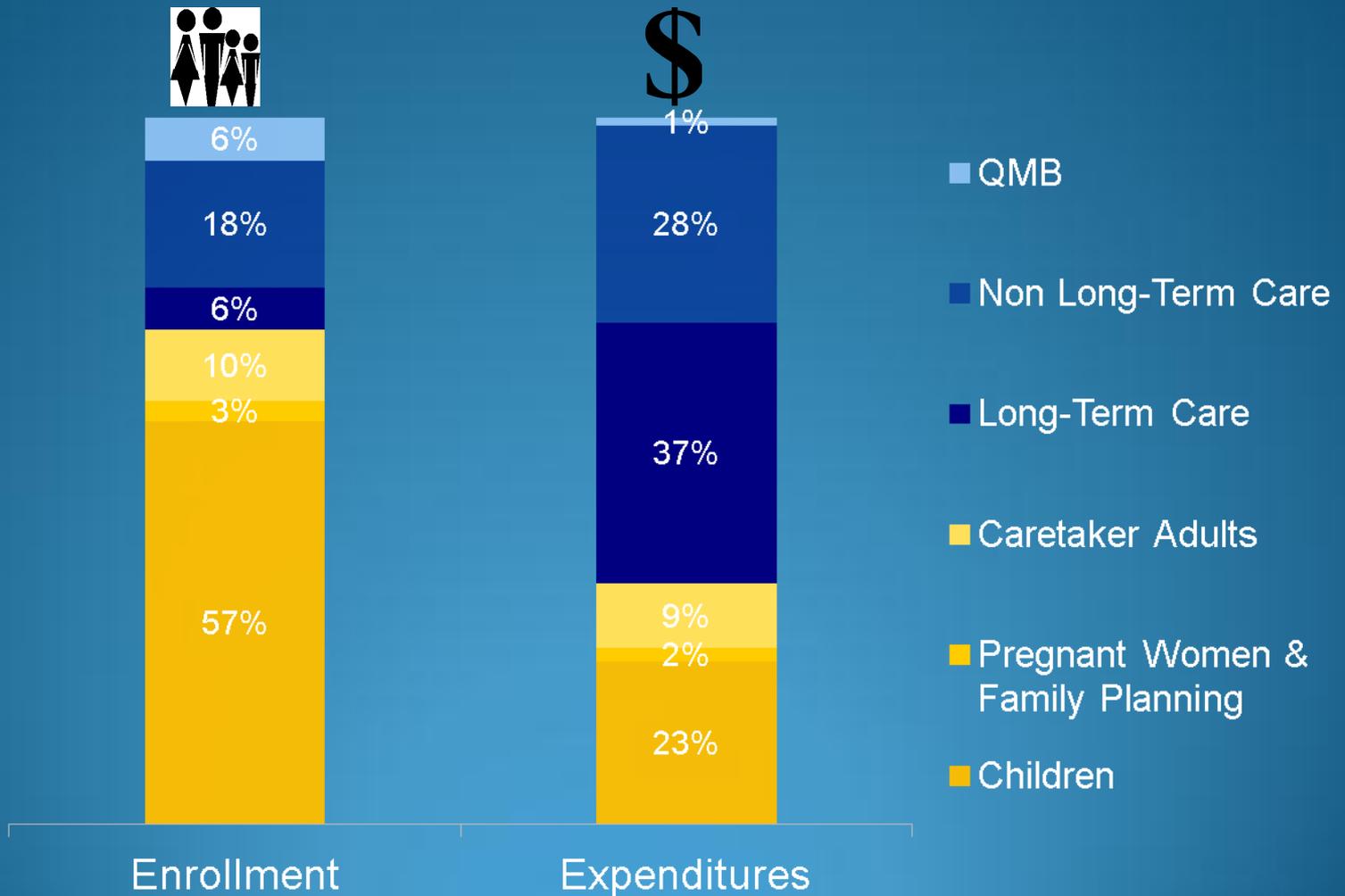
Medicaid Enrollment Composition



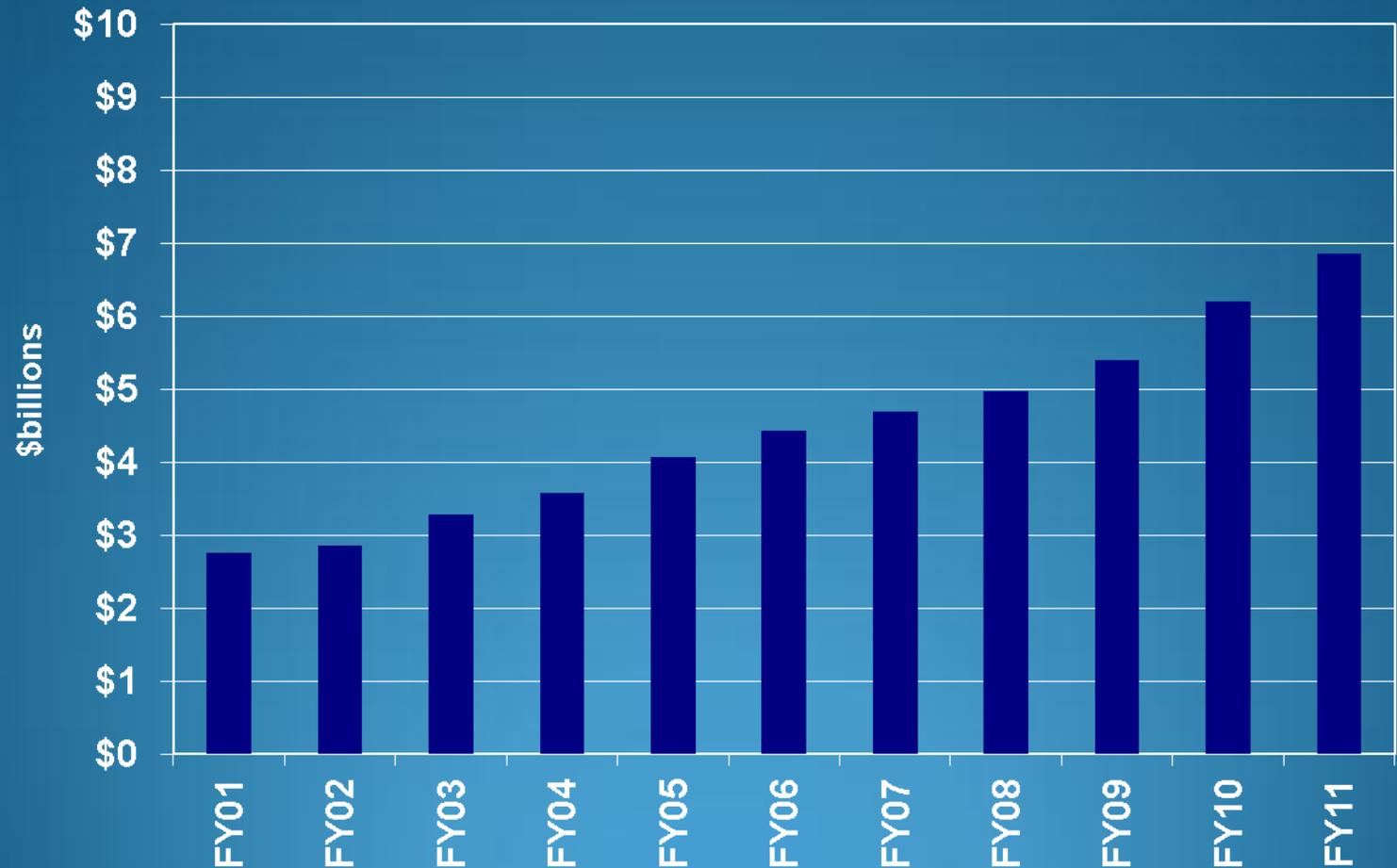
Medicaid Enrollment vs. Spending



Medicaid Enrollment vs. Spending



Medicaid Expenditure Trends

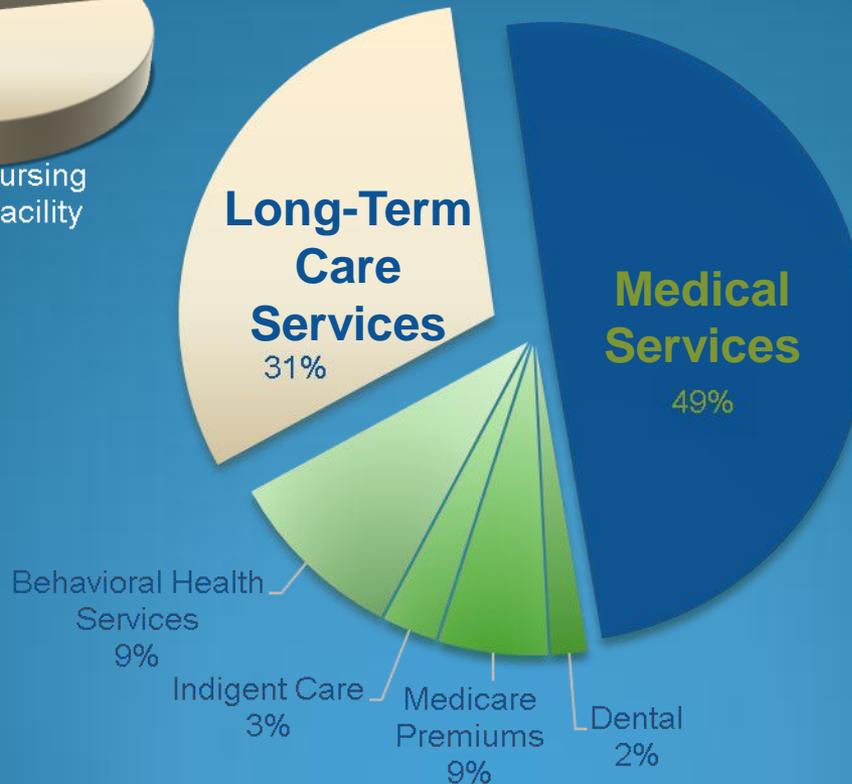
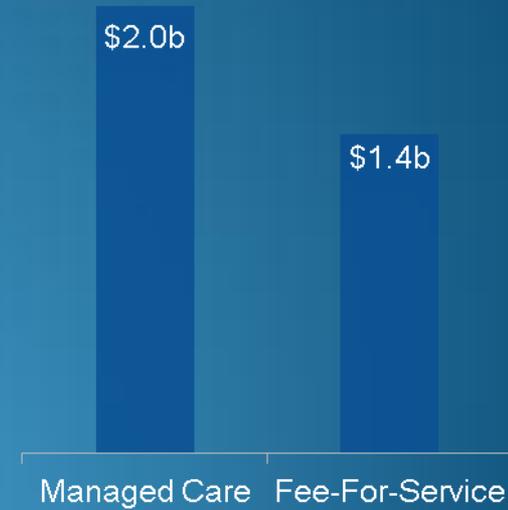


Medicaid Expenditure Composition

Long-Term Care Expenditures

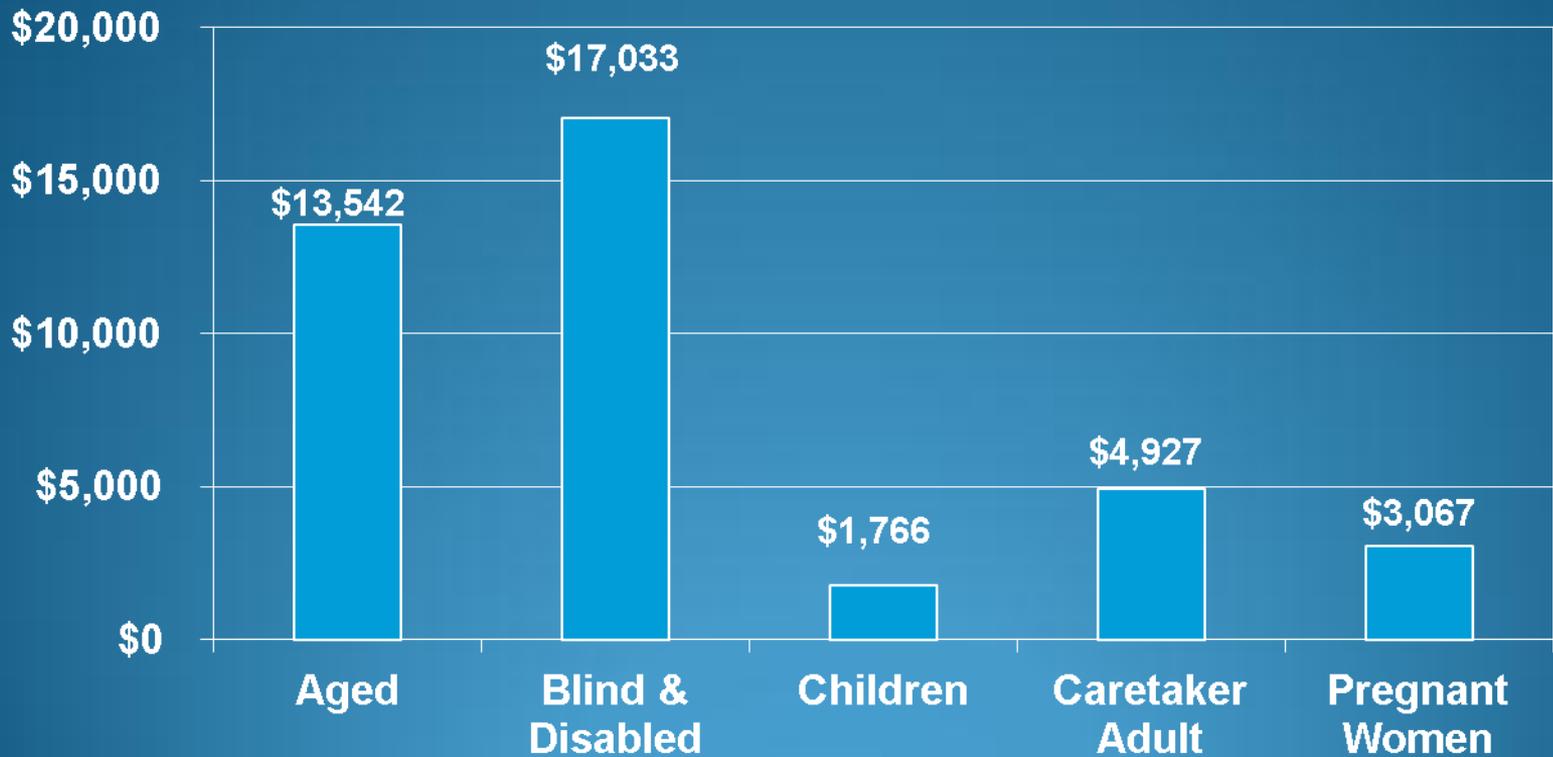


Medical Services by Delivery Type



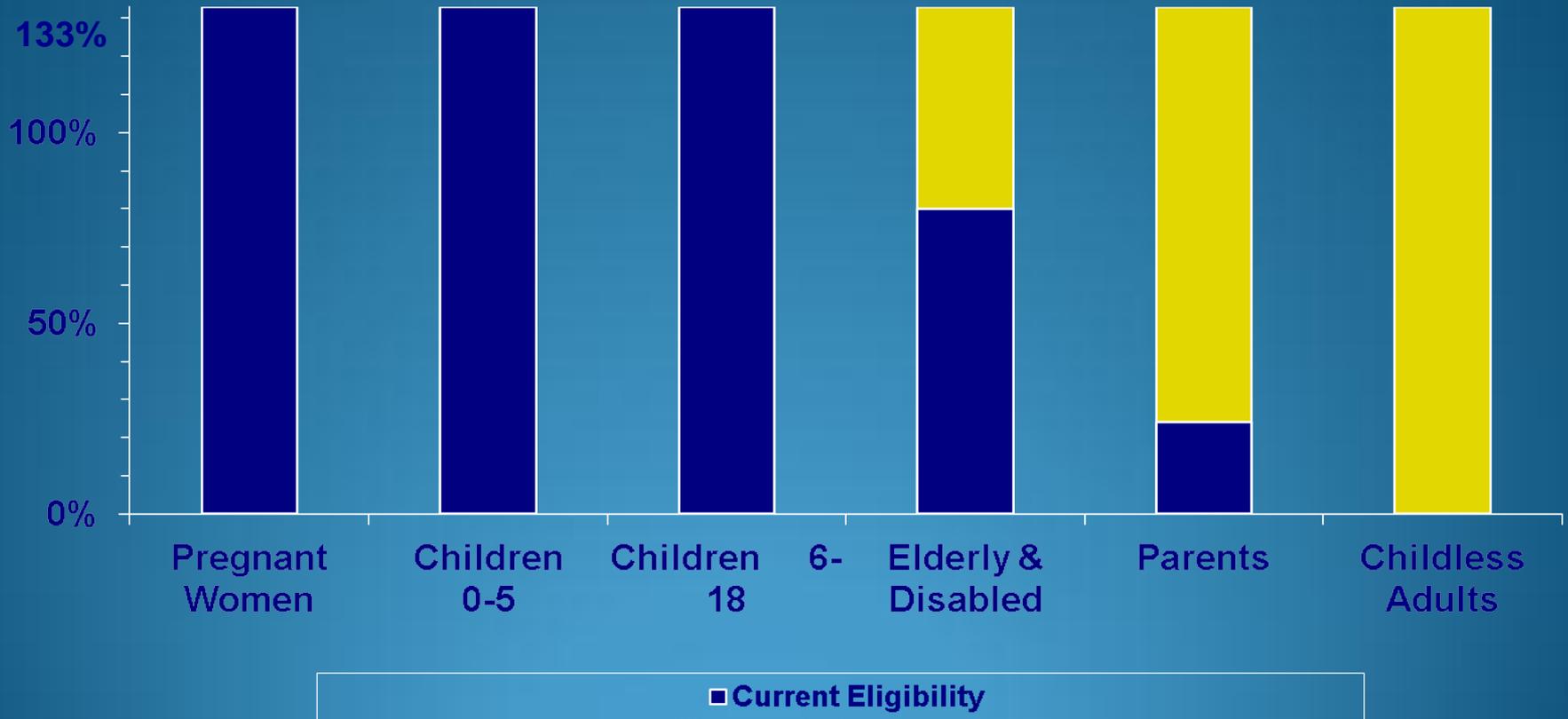
Medicaid Expenditure Trends

Average Annual Cost per Enrollee



Medicaid Enrollment Trends

Federal Health Reform Provisions



*Does not include 5% income disregard

Note: Virginia currently provides coverage up to 200% FPL for pregnant women and children;

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Forecasting Process

- Section 32.1-323.1 of the *Code of Virginia* mandates:

“By November 15 of each year, the Department of Planning and Budget, in cooperation with the Department of Medical Assistance Services, shall prepare and submit an estimate of Medicaid expenditures for the current year and a forecast of such expenditures for the next two years to the House Committees on Appropriations and Health, Welfare and Institutions and to the Senate Committees on Finance and Education and Health, and to the Joint Legislative Audit and Review Commission.”

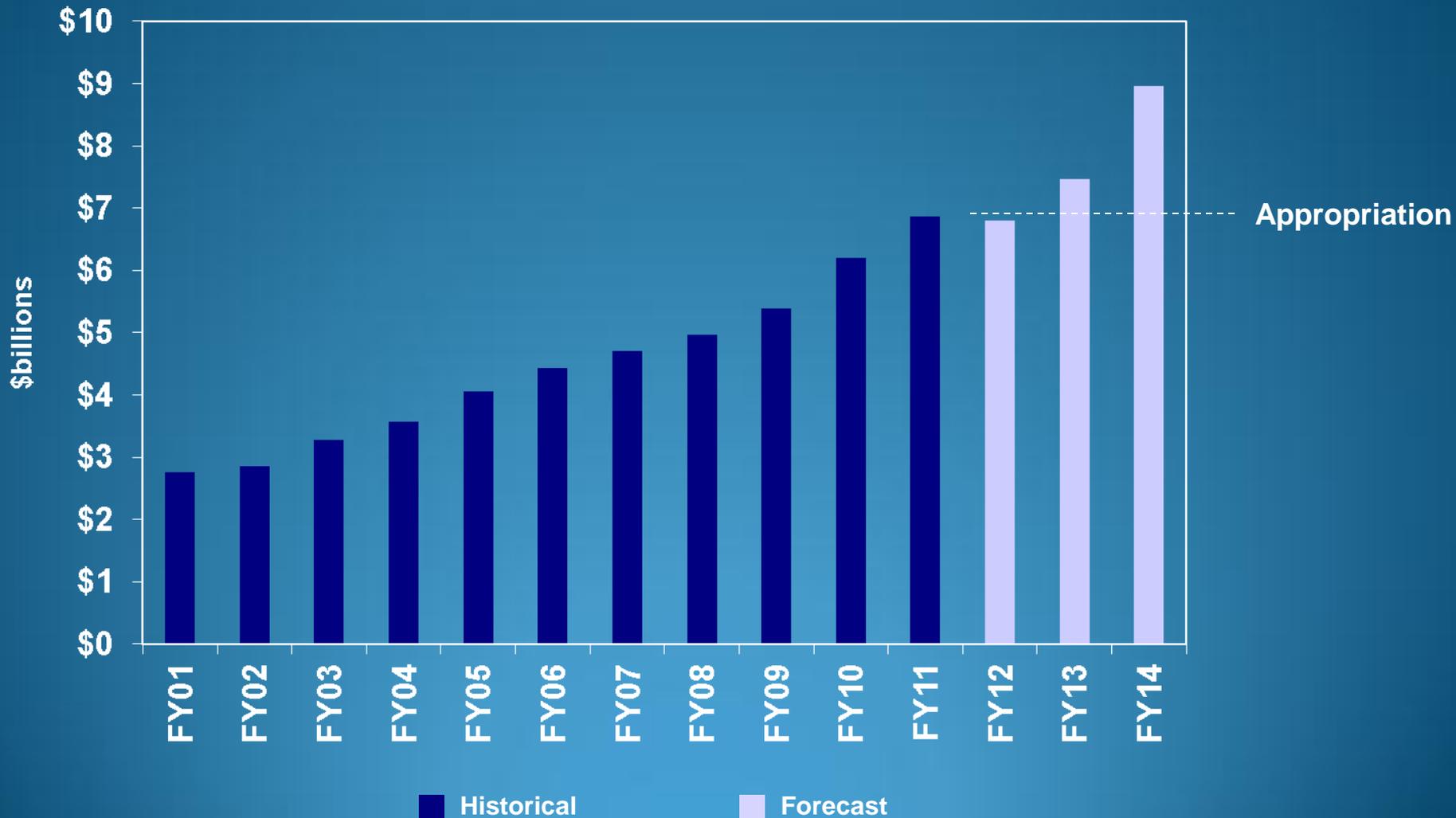
Forecasting Process

- Due November 15 to Governor and General Assembly
- Projects spending in current and subsequent two years
- Assumes existing program (existing law and regulations)
- Changes are due to:
 - Change in enrollment, utilization, and inflation
 - Application of existing state laws and regulations
 - Application of existing federal laws and regulations

Forecasting Process

- Each year, DMAS and DPB prepare independent forecasts using monthly level expenditure and utilization data
- The forecast is comprised of over 70 different models that project utilization and cost per unit for each benefit category
- The two agencies meet to compare and evaluate the individual forecasts and an official “Consensus” forecast is adopted

Official Consensus Medicaid Forecast

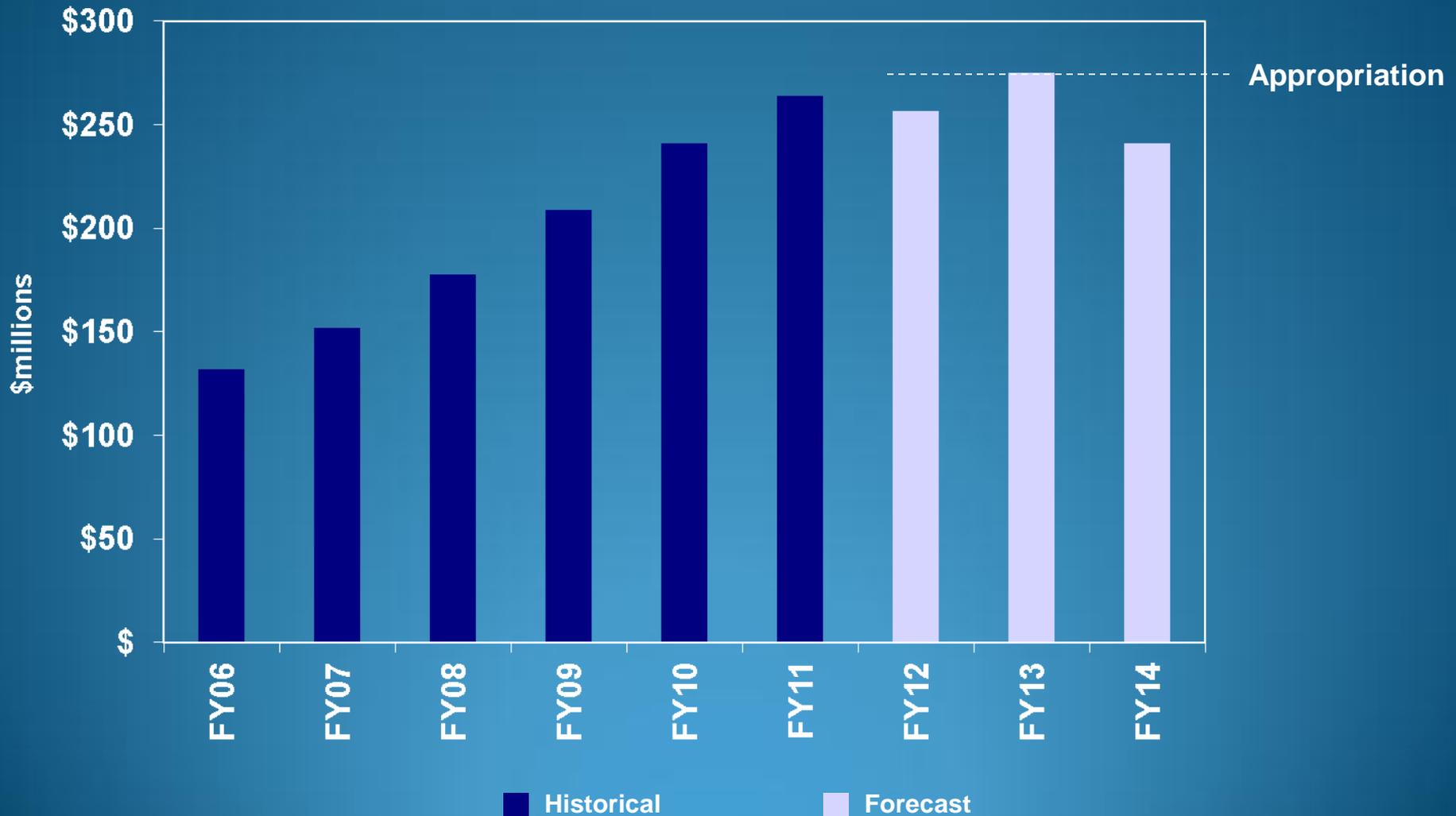


Funding Surplus/(Need) based on Official Consensus Medicaid Forecast

| | | Appropriation (\$millions) | Consensus Forecast (\$millions) | Surplus/(Need) (\$millions) |
|----------------|-----------------------|---------------------------------------|--|--|
| FY 2012 | Total Medicaid | \$6,877 | \$6,726 | \$150.1 |
| | State Funds | \$3,513 | \$3,427 | \$85.4 |
| | Federal Funds | \$3,364 | \$3,299 | \$65.8 |
| FY 2013 | Total Medicaid | \$7,138 | \$7,430 | (\$292.4) |
| | State Funds | \$3,643 | \$3,816 | (\$173.0) |
| | Federal Funds | \$3,495 | \$3,614 | (\$119.4) |
| FY 2014 | Total Medicaid | \$7,138 | \$9,170 | (\$2,032) |
| | State Funds | \$3,643 | \$4,121 | (\$477) |
| | Federal Funds | \$3,495 | \$5,049 | (\$1,555) |

| | | | | |
|---------------------|-------------|--|--|---------|
| 2013-14 Biennium | State Funds | | | (\$650) |
|---------------------|-------------|--|--|---------|

FAMIS/CHIP Forecast



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Amendments in Introduced Budget

- Savings from Costs Included in Forecast

| | FY 2013 Total Funds | FY 2014 Total Funds |
|---|------------------------|------------------------|
| Withhold inflation from hospitals rates, including psychiatric hospitals, IME/GME and DSH | (\$195,191,819) | (\$310,010,250) |
| Do not rebase NF rates in FY13 and withhold inflation from FY13 and FY14 rates | (\$51,479,932) | (\$79,055,622) |
| Withhold inflation adjustment for home health agencies | (\$154,126) | (\$330,992) |
| Withhold inflation adjustment for outpatient rehabilitation agencies | (\$413,744) | (\$804,262) |

- These initiatives offset costs funded in the Medicaid and/or CHIP forecasts

Amendments in Introduced Budget - Program Initiatives

| | FY 2013 Total Funds | FY 2014 Total Funds |
|---|------------------------|------------------------|
| Add anti-psychotic and antidepressants to PDL | (\$4,200,000) | (\$2,500,000) |
| Reduce income limits for optional 300% SSI eligibility group to 250% SSI | \$0 | (\$36,435,516) |
| Reduce limit on personal care hours from 56 to 48 per week | (\$2,000,000) | (\$2,000,000) |
| Funding for FTEs to implement initiative to screen Medicaid recipients for Veteran's status | \$261,958 | \$283,042 |

- Mental health drug classes in the FFS program would be put on the Preferred Drug List, as is already done in the Managed Care program
- Savings are achieved by reducing income limits for the optional Medically Needy eligibility category. This initiative is projected to affect possibly 4500 individuals.
- In FY12, the limit on personal care hours was limited at 56 hours per week. Additional savings are achieved by further reducing that limit to 48 hours per week. The ID and DD waivers are still exempted and an exception process remains in place.
- Funding for 3 FTEs is provided to implement a program to screen Medicaid recipients and coordinate benefits with Department of Veterans Affairs

Amendments in Introduced Budget - Administrative Initiatives

| | FY 2013 Total Funds | FY 2014 Total Funds |
|---|------------------------|------------------------|
| Eliminate FAMIS public relations/marketing and outreach contracts | (\$482,783) | (\$482,783) |
| Reduction of data mining contract funding | (\$1,000,000) | (\$1,000,000) |
| Savings associated with BHO and regional MCO expansions | (5.4 million) | (5.4 million) |
| Other monitoring and oversight provisions | \$9.6 million | \$5.8 million |

- Savings achieved by eliminating two contracts focused on FAMIS marketing and outreach
- Funding reduced for the new data mining contract. The contract will still focus on data analysis and modeling in order to focus fraud review and auditing efforts but on a reduced scale with more emphasis on in-house work
- Savings are achieved in the administrative budget from reductions to contracts for prior authorization from the MCO expansions into the Roanoke region and far Southwest Virginia and with the Behavioral Health Organization
- Funding is provided to increase monitoring and oversight including establishing a permanent Eligibility Review Program; Increase recipient audit and waiver review staff; and implement new provider screening requirements